

Message Text

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2488

INFO AMEMBASSY BERN

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AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

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AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION NATO

AMEMBASSY VIENNA

DIA WASHDC

CINCLANT NORFOLK VA

USCINCEUR VAIHINGEN GER

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

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E.O. 11652: N/A

TAGS: ECON, PO

SUBJ: REVOLUTIONARY COUNCIL ISSUES GUIDELINES FOR ECONOMY

SUMMARY: REVOLUTIONARY COUNCIL ISSUED STATEMENT SETTING GUIDELINES FOR MEASURES TO COPE WITH CURRENT ECONOMIC SITUATION. TO JUSTIFY APPEAL TO WORKERS FOR INCREASED PRODUCTION, GUIDELINES INCLUDE PRINCIPLE OF WORKER CONTROL OF PRODUCTION, COORDINATED BY CENTRAL PLANNING ORGANS; LIMITATION OF CONSUMPTION THROUGH NATIONAL MAXIMUM DISPOSABLE INCOME; AND COMPLETION OF NATIONALIZATION PROCESS. END SUMMARY.

1. IN BRIEF STATEMENT RELEASED TO PRESS, REVOLUTIONARY COUNCIL, ANNOUNCING THAT IT HAD ANALYZED ECONOMIC SITUATION, SKETCHED OUT GUIDELINES FOR MEASURES TO COPE WITH IT.

2. SALIENT FEATURES OF ECONOMY WERE DESCRIBED AS FOLLOWS: UNDERUTILIZED PRODUCTIVE CAPACITY, BOTH HUMAN AND MATERIAL; REDUCED LEVEL OF INVESTMENT; GROWING BALANCE OF PAYMENT DIS-EQUILIBRIUM; AND PERSISTENT INFLATION.

3. STATEMENT ATTRIBUTED PRESENT CRISIS NOT ONLY TO INHERITED COLONIAL AND CAPITALIST ECONOMIC STRUCTURE BUT TO REVOLUTIONARY PROCESS OF DISMANTLING MONOPOLISTIC CAPITAL, A PROCESS AGGRAVATED BY CAPITALISTS STRIVING TO MAINTAIN THEIR PRIVILEGES.

4. STATEMENT LISTED TWO OBJECTIVES AS NECESSARY TO CONSOLIDATE THE REVOLUTION:

A. INCREASED NATIONAL INDEPENDENCE TO ISOLATE ECONOMY FROM EXTERNAL ECONOMIC EXTREMES.

B. WORKING CLASS IDENTIFICATION WITH THE PROJECT OF CONSTRUCTING SOCIALISM.

5. TO JUSTIFY APPEAL TO WORKERS FOR INCREASED PRODUCTION, THE COUNCIL ESTABLISHED THE FOLLOWING ORIENTING GUIDELINES;

A. MAKE THE WORKERS REALIZE THAT CONSTRUCTING SOCIALISM IS THEIR JOB, WHICH IMPLIES CLEAR AFFIRMATION OF THE PRINCIPLE OF ORGANIZED "CONTROL" OF PRODUCTION BY THE WORKERS FOR PRODUCTION AND EFFICIENCY OBJECTIVES, COORDINATED BY CENTRAL LIMITED OFFICIAL USE

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PLANNING ORGANS IN ACCORDANCE WITH NORMS TO BE ESTABLISHED SOON.

B. LIMIT CONSUMPTION BY MEANS OF A NATIONAL MAXIMUM DISPOSABLE INCOME, APPLICABLE TO ALL INCOME EARNERS AND NOT JUST TO THOSE WORKING FOR OTHERS.

C. LIMIT PRICES OF ESSENTIAL GOODS, ESPECIALLY FOODSTUFFS.

D. COMPLETE NATIONALIZATION OF BASIC SECTORS--INDUSTRY,
TRANSPORT, AND COMMUNICATIONS.

E. APPLY AGRARIAN REFORM IN A PROGRESSIVE WAY CONSISTENT
WITH MEASURES OF ECONOMIC POLICY.

6. COMMENT: REVOLUTIONARY COUNCIL'S "ORIENTING GUIDELINES"
ARE TOO VAGUE TO PERMIT MUCH HARD ANALYSIS. NEVERTHELESS THEY
INDICATE THAT THE NATIONALIZATION PROCESS IS NOT OVER (LISBON
1963) AND THAT "WORKERS" WILL PLAY AN INCREASINGLY IMPORTANT
ROLE IN MANAGEMENT DECISIONS. NOTABLY ABSENT FROM THE STATEMENT
IS ANY REFERENCE TO A ROLE FOR THE PRIVATE SECTOR, WHICH HAS
BEEN A FEATURE OF MOST ECONOMIC PRONOUNCEMENTS BY THE PRIME
MINISTER AND BY ECONOMIC MINISTERS, EVEN FOLLOWING MARCH 11.
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